

**MONTANA BOARD OF HOUSING**

Best Western Heritage Inn  
1700 Fox Farm Road  
Great Falls MT 59404  
September 27, 2006

**ROLL CALL OF BOARD**

**MEMBERS:** Bob Thomas, Chairman (Present)  
Judy Glendenning, Vice Chairman (Present)  
J.P. Crowley, Secretary (Present)  
Susan Moyer (Present)  
Audrey Black Eagle (Absent)  
Jeff Rupp (Present)  
Betsy Scanlin (Present)

**STAFF:** Bruce Brensdal, Executive Director  
Anastasia Burton, Housing Promotion Manager  
Nancy Leifer, Homeownership Program Manager  
Vicki Bauer, Assistant Accounting and Finance Manager  
Diana Hall, Administrative Assistant

**COUNSEL:** Pat Melby, Luxan and Murfitt

**OTHERS:** Gordon Hoven, Piper Jaffray  
Sheila Rice, NHS/MHN  
Lyle Konkol, HUD  
Jim Stretz, G K Baum  
Jenny Erdahl, Legislative Audit Division  
Vicki Remstead, Stockman Bank  
Lila Langel, Great Falls Job Service  
Lori Yurko, NHS/MHN  
Rosemary Torkelson, NHS  
Cheri Goss, Town of Dutton  
Jason Edmister, Stockman Bank  
Robert Doore, Estekan Lodges, Browning  
Glenn Roush, State Senator SD8, Cut Bank  
Carrie Koppy, NHS  
Kay Matthews, Cascade County Sheriff Office  
Sue, NHS/MHN  
Ryan Wilson, KRTV - 3  
Tom Glendenning

**CALL MEETING TO ORDER**

Chairman Bob Thomas called the meeting to order at 8:30 a.m.

## **INTRODUCTIONS AND PUBLIC COMMENTS**

The Chairman asked the Board, staff, and guests to introduce themselves.

Lila Langel previously helped with homebuyer classes and has personally benefited from Neighborhood Housing Services (NHS). Kay Matthews shared she works with NHS to give pamphlets on services available to help people who get eviction notices. Cheri Goss from the Town of Dutton is finishing a rehab project which has really helped the town. They will be looking at lots and want to attract new homebuyers. Cheri thanked Montana Board of Housing (MBOH) and NHS for helping them.

## **APPROVAL OF MINUTES**

Susan Moyer moved to approve the August 14 & 16 Conference Call minutes and the August 18, 2006 Board meeting minutes. J. P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

## **MULTIFAMILY PROGRAM**

Bruce Brensdal said Mat Rude and staff are preparing for their compliance training today. Bruce presented 3 Reverse Annuity Mortgage (RAM) exceptions. One is for the age limit and all are for exceptions to the \$30,000 lump sum payment. J P Crowley moved to approve the 3 RAM exceptions. The Chairman asked for public comments. The motion passed unanimously. Betsy asked how many RAM loans are done each month? She commented that the RAM program is a good program that is under utilized. Bruce said Anastasia will present some promotional things on RAM later in the meeting. Lyle Konkel of HUD announced there will be a pilot training for Realtors in Great Falls on Reverse Mortgages. Lyle and Bruce said counseling is required and tries to include the children.

Robert Doore of Browning presented his modular homes concept and options. He is trying to dispel the stereotype that a modular is the quality of a trailer.

## **HOMEOWNERSHIP PROGRAM**

Nancy introduced Jennifer Erdahl from the Legislative Audit Division who discussed the procedures and report of exceptions in this year's Servicer Audit. The banks audited were: State Bank of Townsend, First Bank in Sidney, Heritage Bank in Great Falls, Wells Fargo with servicing in Des Moines Iowa, and First Interstate Bank. Most exceptions occur in the hazard insurance area, especially listing MBOH as a mortgagee. Sheila Rice pointed out that this problem occurs when borrowers change insurance companies instead of at closing. Nancy will send follow-up letters to the lenders to notify them of the exceptions and request corrections and new procedures to avoid exceptions in the future. Few exceptions occurred in the financial reporting area which is a tribute to the accounting technicians who train and visit with the lenders. Board members encouraged finding a tool to ensure that lenders are in compliance, for instance, annual updates from the lenders or those who have been out of compliance. Jeff mentioned that he is not interested in continuing to do business with a lender who consistently is out of compliance. Nancy said that overall our lenders are doing a good job.

Setaside Program summary shows \$32,332,383 committed for setaside programs. Nancy updated the Board on the sources of funds and what restrictions apply to them. The Chippewa Cree Housing Authority (CCHA) requested a new allocation of \$2 million to purchase 45 first mortgage loans with CCHA as the mortgagor, with the intention of placing Indian families into the homes with a five-year rent –to-own program. The loans would be insured by the Section 184 Indian Housing Loan Guarantee Program. Betsy Scanlin moved to approve the \$2 million with a Memorandum of Understanding between MBOH and the CCHA and Wells Fargo Bank to specify who does what for compliance on program and income limits. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

The Chairman introduced Senator Glen Roush who commended the Board for all of its good work and commented that the people receiving the benefit of our programs needs to be accountable and should be at meeting when they request assistance.

Sheila Rice of NHS requested a reduction in the reserve fund NHS maintains with its own funds for MBOH second mortgage loans leaving \$100,000 in the reserve fund to handle possible defaults in loans used for down payment and closing costs. This would free up more working capital for providing loans. Jeff Rupp moved modify the agreement between MBOH and NHS to provide that the reserve fund be 10% of outstanding loans rather than the full amount of the setaside. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Nancy requested establishing a Disabled Interest Reduction Program (DIRP) for foreclosure prevention program for borrowers who suffer permanent reduction in income due to disability or death and become delinquent on an existing MBOH loan. She proposed lowering the interest rate on these loans. Pat Melby suggested that MBOH should have the right to get an independent medical opinion to verify the applicant's medical record or SSI or SSDI certification, change the language to refer to loss of income rather than line of work. J P suggested a periodic check and adjustment as needed on individual cases for the borrower to be sustainable if their income changes. Sheila said this is a valuable service because the hardest foreclosure cases are those that have no hope of income to support their mortgage payment. Betsy Scanlin moved to go forward with the program with the changes suggested, effective immediately. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Jeff requested a report on an annual basis to make sure there are not unintended consequences.

MBOH's current rate is 6%. Rates around the state range from 5.875% to 6.375%. Staff will watch the rates locally and nationally, but suggest no change at this time. There is \$22 million left to be committed in the 2006 C program.

Bruce said the co-manager team is working great; however, others are interested in being on the team. Options range from not changing anything to adding or removing co-managers to possibly adding a selling group to see how they perform. The Board discussed options. J P Crowley moved to create a 3<sup>rd</sup> tier of the sales team with a selling group with G K Baum and Citigroup and review after 3 bond sales. Jeff Rupp seconded the motion. The Board discussed having more information and statistics. Betsy moved to table the discussion to get more information. Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Nancy presented the REO report and said the property in Missoula has been a learning experience. It created a model that will be used in the future, but need to allow for accumulated taxes and interest.

The Mortgage Credit Certificate (MCC) program has 4 loans.

A memo from Nancy outlines possible steps to create programs to address land costs. She noted the special reserve fund (green) is the only Mortgage Revenue Bond fund that can be used for this purpose and what other activities are using that fund. Jeff said that looking at the issue as a loan with interest rates does not get to the heart of the problem. He would like to free up special reserve funds to buy land. Nancy said we would get there quicker if we looked to other sources for funding. Betsy would like to see us link up with other entities that can control the land and find more funds to subsidize land costs. She feels we are moving in the right direction, but more programs are needed for subsidy. The Board directed Nancy to look into incentive programs and pilot programs and partnering with local entities.

Nancy presented a memo from Peter Nolden and Mina Choo regarding whether MBOH is subsidizing middle-income households. The design of the program is toward middle-income people, because it then generates funds to help lower income households.

The Board discussed a memo addressing the 35% land to appraised value, but stated the current policy and also concerns raised at the previous Board meeting. After discussion, the Board decided to postpone discussion to another meeting.

Nancy said currently the Board has only one provider of private mortgage insurance (pmi), but other providers are now available. She will provide more options at future Board meetings.

Bob Thomas said the Universal Design concept was presented at the conference for making homes more accessible. He also presented an outline of the professionals involved in our Bond closings and what they do.

### **PROMOTIONS**

Anastasia Burton presented a video clip from the “Aging Horizons” television show on the Reverse Annuity Mortgage Program (RAM). Gerald Watne and Justin Schedel were guests on the show. Public radio aired a story on the Montana House, which Anastasia played at the meeting. She would like to get it uploaded on the website. Anastasia gave the Board updated fact sheets, program guide, and brochures. The Missoulian had an article on first time homebuying. The Annual Report is being worked on.

### **EXECUTIVE DIRECTOR**

Lyle Konkel thanked MBOH for coming to Great Falls and recognized staff. He said they are always willing to help and on the cutting edge. He said MBOH was successful in receiving a housing counseling grant. Lyle congratulated Susan Moyer on receiving the Lifetime Achievement Award.

The next meeting is scheduled for October 17 in Deer Lodge. Meetings are tentatively planned for November 17 and December 14 in Helena. NHS invited staff and Board to a tour of projects in Great Falls.

The meeting adjourned at 12.45 p.m.

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J. P. Crowley, Secretary

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Date